



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

November 24, 2015

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: John Naimo 
Auditor-Controller

SUBJECT: **WATTS LABOR COMMUNITY ACTION COMMITTEE – A COMMUNITY
AND SENIOR SERVICES' LOS ANGELES COUNTY YOUTH JOBS
PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW –
FISCAL YEARS 2013-14 AND 2014-15**

We completed a contract compliance review of Watts Labor Community Action Committee (WLCAC or Agency), a Community and Senior Services' (CSS) Los Angeles County Youth Jobs (LAC Youth Jobs) Program provider. Our review covered a sample of transactions from Fiscal Years (FY) 2013-14 and 2014-15. The purpose of our review was to determine whether WLCAC provided services in compliance with their County contract and LAC Youth Jobs requirements, and appropriately accounted for and spent LAC Youth Jobs funds.

The LAC Youth Jobs Program provides paid work experience to youth and young adults between the ages of 14 to 21 years old from the California Work Opportunities and Responsibility to Kids, Foster, Probation, Homeless and General Relief Programs, and low-income households.

During FYs 2013-14 and 2014-15, CSS paid WLCAC a total of approximately \$322,831 on a cost-reimbursement basis. WLCAC provided services to participants residing in the Second Supervisorial District.

Results of Review

WLCAC maintained documentation in the case files to support the eligibility and the LAC Youth Jobs services provided to the participants reviewed. In addition, WLCAC recorded revenue properly and deposited cash receipts timely. However, WLCAC inappropriately billed CSS \$34,787 (68%) of the \$51,104 reviewed for wages paid to 52 individuals not enrolled in the LAC Youth Jobs Program.

Subsequent to our review, WLCAC indicated that 17 of the 52 individuals were LAC Youth Jobs Program participants that were mistakenly identified as being enrolled in a similar Youth Jobs Program operated by another governmental entity. However, WLCAC did not provide documentation to determine whether the Agency was already reimbursed for the wages paid to the 17 individuals by the other governmental entity. Therefore, WLCAC management needs to repay CSS \$34,787 or a reduced amount if they can provide additional documentation to show that the 17 participants' were eligible for the LAC Youth Jobs Program and that their wages were not already reimbursed by the non-County program.

WLCAC's attached response indicates that they concur with our finding and will submit additional supporting documentation to CSS by December 31, 2015.

In addition, WLCAC did not always comply with the LAC Youth Jobs Program and their County contract requirements. For example, WLCAC did not:

- Obtain criminal record clearances as required by Section 7.5 of their County contract for all five (100%) employees reviewed. Subsequent to our review, WLCAC provided a copy of the criminal record clearance for one of the five employees reviewed.

WLCAC's attached response indicates that they concur with our finding and will obtain criminal record clearances for all LAC Youth Jobs Program employees.

- Accurately calculate the payroll expenditures for one (13%) of the eight employees reviewed and seven (11%) of the 66 participants reviewed. Although the total questioned cost was immaterial, WLCAC management needs to ensure hours reported on the timecards are accurately calculated and individuals are paid the correct amount.

WLCAC's attached response indicates that they concur with our finding and will double check employees' timecards to ensure accuracy on their billings.

- Maintain adequate documentation, such as price quotations, to support that expenses were economical, proper, and reasonable to carry out the activities of the

Program as required by Section C.1 of the Auditor-Controller Contract Accounting and Administration Handbook.

WLCAC's attached response indicates that they concur with our finding and will immediately comply with the contract requirement.

- Maintain appropriate documentation to substantiate that all worksite supervisors were aware of their responsibilities and received orientation concerning the LAC Youth Jobs Program as required by Section 7.3 of Exhibit A of their County contract.

WLCAC's attached response indicates that they concur with our finding and will immediately implement our recommendations.

Details of our review, along with recommendations for corrective action, are attached (Attachment I).

Review of Report

We discussed our report with WLCAC and CSS. WLCAC's attached response (Attachment II) indicates that they concurred with our findings and recommendations. CSS management will work with WLCAC to ensure our recommendations are implemented.

We thank WLCAC management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

Attachments

JN:AB:DC:YP:iw

c: Sachi A. Hamai, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Timothy Watkins, President and CEO, Watts Labor Community Action Committee
Elton Blake, Director, Watts Labor Community Action Committee
Public Information Office
Audit Committee

**WATTS LABOR COMMUNITY ACTION COMMITTEE
LOS ANGELES COUNTY YOUTH JOBS PROGRAM
CONTRACT COMPLIANCE REVIEW
FISCAL YEARS 2013-14 AND 2014-15**

ELIGIBILITY

Objective

Determine whether Watts Labor Community Action Committee (WLCAC or Agency) provided services to eligible individuals for the Los Angeles County Youth Jobs (LAC Youth Jobs) Program.

Verification

We reviewed the case files for ten (7%) of the 136 participants who received services from April through August 2014 for documentation to confirm their eligibility for LAC Youth Jobs Program services.

Results

WLCAC maintained documentation to support the eligibility for all ten participants reviewed. However, as noted in the Payroll and Personnel section, WLCAC paid \$34,787 in participant wages to 52 individuals not enrolled in the LAC Youth Jobs Program.

Recommendation

Refer to Recommendations 4 and 5.

BILLED SERVICES

Objective

Determine whether WLCAC provided the services billed to Community and Senior Services (CSS) in accordance with their County contract and LAC Youth Jobs guidelines.

Verification

We visited WLCAC's service site, and reviewed the case files for ten (7%) of the 136 participants who received services from April through August 2014.

Results

WLCAC maintained documentation in the case files to support the services provided to the participants reviewed.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether WLCAC properly recorded revenue in their financial records, deposited cash receipts into their bank accounts timely, and if bank reconciliations were reviewed and approved by Agency management timely.

Verification

We interviewed Agency personnel, and reviewed their financial records, their two bank accounts' activity, and September 2014 bank reconciliations.

Results

WLCAC properly recorded revenue in their financial records and deposited cash receipts into their bank accounts timely. In addition, WLCAC's September 2014 bank reconciliations were reviewed and approved by Agency management timely.

Recommendation

None.

COST ALLOCATION PLAN/EXPENDITURES**Objective**

Determine whether the Agency's Cost Allocation Plan (Plan) complied with their County contract, and if expenditures billed to the LAC Youth Jobs Program were allowable, properly documented, and accurately billed.

Verification

We interviewed WLCAC's personnel, and reviewed their Plan and financial records for nine non-payroll expenditures, totaling \$2,964, that the Agency billed to the LAC Youth Jobs Program from April through August 2014. In addition, we reconciled WLCAC's

total Fiscal Years (FY) 2013-14 and 2014-15 invoiced amounts to their accounting records.

Results

WLCAC prepared their Plan in compliance with their County contract and their expenditures were allowable, properly documented, and accurately billed. However, WLCAC did not maintain adequate documentation, such as price quotations, to support that expenses were economical, proper, and reasonable to carry out the activities of the Program as required by Section C.1 of the Auditor-Controller Contract Accounting and Administration Handbook.

Recommendation

- 1. Watts Labor Community Action Committee management use competitive selection in all procurement transactions.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained adequate internal controls over its fiscal operations. In addition, determine whether the Agency was in compliance with LAC Youth Jobs Program and other County contract administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, and conducted an on-site visit.

Results

WLCAC generally maintained sufficient internal controls over its business operations. However, WLCAC did not always comply with County contract and LAC Youth Jobs Program requirements. Specifically, WLCAC did not maintain:

- Appropriate documentation to substantiate that all worksite supervisors were aware of their responsibilities and received orientation concerning the LAC Youth Jobs Program as required by Section 7.3 of Exhibit A of their County contract.
- An inventory log to track the Personal Enrichment Training books received and issued as required by Section V of the LAC Youth Jobs Technical Assistance Guide. Subsequent to our review, WLCAC provided the inventory log for the Personal Enrichment Training books.

Recommendations**Watts Labor Community Action Committee management:**

2. Maintain adequate documentation to support that the worksite supervisors received the required orientation for the Los Angeles County Youth Jobs Program.
3. Maintain an inventory log to track the Personal Enrichment Training books received and issued as required.

PAYROLL AND PERSONNEL**Objective**

Determine whether WLCAC and participant employers appropriately charged payroll costs to the LAC Youth Jobs Program in accordance with their County contract and Program requirements. In addition, determine whether the Agency obtained background clearances, verified employability, maintained proof of current driver's licenses, and maintained proof of automobile insurance as required.

Verification

We compared the LAC Youth Jobs payroll costs for eight employees and 66 participants, totaling \$51,104 for June and August 2014, to the Agency's payroll records and time reports. We also reviewed the personnel files for the five employees assigned to the LAC Youth Jobs Program.

Results

WLCAC inappropriately billed CSS \$34,787 (68%) of the \$51,104 in participants' wages reviewed. Specifically, WLCAC billed CSS \$34,787 for participant wages paid to 52 (79%) of the 66 participants reviewed for individuals not enrolled in the LAC Youth Jobs Program. Subsequent to our review, WLCAC indicated that \$9,611 relating to 17 of the 52 individuals were LAC Youth Jobs Program participants that were mistakenly identified as being enrolled in a similar Youth Jobs Program operated by another governmental entity. However, WLCAC did not provide documentation to determine whether the Agency was already reimbursed for the wages paid to the 17 individuals by the other governmental entity. Therefore, WLCAC management needs to repay CSS \$34,787 or a reduced amount if they can provide additional documentation to show that the 17 participants' were eligible for the LAC Youth Jobs Program and that their wages were not already reimbursed by the non-County program.

In addition, WLCAC did not always comply with the LAC Youth Jobs Program and other County contract requirements. Specifically, WLCAC did not:

- Obtain criminal record clearances as required by Section 7.5 of their County contract for all five (100%) employees reviewed. Subsequent to our review, WLCAC provided a copy of the criminal record clearance for one of the five employees reviewed.
- Accurately calculate the payroll expenditures for one (13%) of the eight employees reviewed and seven (11%) of the 66 participants reviewed. Although the total questioned cost was immaterial, WLCAC management needs to ensure hours reported on the timecards are accurately calculated and individuals are paid the correct amount.
- Maintain a signed Acknowledgment and Confidentiality Agreement form in the personnel files as required by Section 26.2.3 of Exhibit A of their County contract for all five (100%) employees reviewed. Subsequent to our review, WLCAC provided signed Acknowledgment and Confidentiality Agreement forms for all five employees.

Recommendations

Watts Labor Community Action Committee management:

4. **Repay Community and Senior Services \$34,787 or provide adequate documentation to support the expenditures.**
5. **Bill for allowable Program expenditures.**
6. **Obtain criminal clearances for all Los Angeles County Youth Jobs Program employees.**
7. **Ensure hours reported on timecards are accurately calculated and individuals are paid the correct amounts.**
8. **Ensure the Acknowledgment and Confidentiality Agreement form is signed by the employee and maintained in their personnel file.**



WATTS LABOR COMMUNITY ACTION COMMITTEE

"Changing the face of a community... Moving the lives of a people"

10950 South Central Avenue, Los Angeles, California 90059 • Telephone 323.563 5839 • Facsimile 323.923 1474

TED WATKINS
FOUNDER / ADMINISTRATOR
1965-1993

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BERNICE WATKINS
ELIZABETH "PAT" EASTMAN

October 5, 2015

John Naimo
Auditor Controller
County of Los Angeles Dept. of Auditor Controller
500 west Temple Street Room 525
Los Angeles, California 90012-3873

**RE: WLCAC- Community and Senior Services Los Angeles County Youth
Jobs Program Provider- Contract Compliance review Fiscal Year 2013-
14 and 2014-15**

The Attached is the WLCAC response to the above mentioned Contract Compliance Review performed by your staff for fiscal years 2013-14 and 2014-15.

WLCAC thanks the management and staff for their assistance during this review.

If you have any questions please call Elton Blake at 323-563-5683.

With Regards,

Elton Blake

Director of Employment and Training services.

Approved by:

Timothy Watkins
President and CEO

CC: Sachi A. Hami, Interim Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services

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Area: Cost Allocation Plan/ Expenditures

Recommendation

Watts Labor Community Action Committee management use competitive selection in all procurement transactions

Agency response:

WLCAC concurs with your finding and will comply with your recommendation

Time Frame for implementation: Immediate and ongoing

Area: Administrative Controls/ Contract Compliance

Recommendation:

Watts Labor Community Action Committee management: 1. Maintain adequate documentation to support that the worksite supervisors receive the required orientation for the Los Angeles County Youth Jobs Training Program. 2. Maintain an inventory log to track the Personal Enrichment training books received and issued as required.

Agency Response:

WLCAC concurs with your findings in this category and will implement your recommendations

Time Frame for Implementation: Immediately

Area: Payroll and Personnel

Recommendation:

1. Repay Community and Senior Services \$34,787 or provide adequate documentation to support the expenditure.
2. Bill for allowable program expenditures.
3. Obtain Criminal clearance for all Los Angeles County Jobs Program workers.
4. Ensure hours reported on time cards are accurately calculated and individuals are paid the correct amounts.
5. Ensure the acknowledgement of confidentiality agreement form is signed by the employee and maintained in their personnel file.

Agency Response:

WLCAC concurs with the results of your findings.

1: The agency is planning to meet with Community and Senior Services by 12/31/2015 to provide adequate documentation to support this expenditure.

#3: WLCAC will obtain Criminal clearances for all Los Angeles County Jobs Program workers.

#2 & #4: Invoices and hours reported on the employees time cards will be double checked to ensure accuracy with billings.

#5: Confidentiality agreement form will be signed by employee and maintained in their personnel file.

Time Frame: Immediate and ongoing